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Affordable Housing Strategy

San Pablo, located in Contra Costa County, is a small city, with a population of approximately 31,000 residents. As compared with the rest of the county, income levels in the city are significantly lower. According to the 2000 Census, while the county's median household income was \$63,675, San Pablo's median household income was \$37,184—only 58 percent of the county's. Therefore, it is important that San Pablo contain housing that is affordable to its residents. As the San Pablo Avenue Planning Area contains numerous housing opportunity sites, the Plan's creation and implementation represents an excellent opportunity for the City to take steps to meet this critical need.

The MTC/ABAG Station Area Planning Manual identifies “Create Opportunities for Affordable and Accessible Living” as one of the main goals for station area planning under its grant program. The “TOD Plan Checklist” under this topic includes the following list:

- **Set affordable housing goals.** Plans should set goals for the level of affordable housing provision in the station area, whether achieved through inclusionary requirements or other policies and financing mechanisms (including targeting existing programs to the Study Area).
- **Consider appropriate inclusionary housing requirements.** Plans should analyze whether higher inclusionary housing requirements can be supported in station areas. More affordable housing will promote transit ridership and social equity goals, and also help corridors achieve the housing unit threshold
- **Provide a range of housing options.** A range of housing choices should ideally be made available within the station area, including new housing that can accommodate families as well as senior housing and ordinances allowing and encouraging secondary units.
- **Minimize displacement of existing residents.** Policies to minimize displacement of existing lower-income residents should be analyzed and adopted where appropriate and feasible.
- **Accessibility/visitability policies.** Accessibility policies should go beyond the scope of ADA and state law requirements and ensure that a portion of development is fully accessible for residents with disabilities and “visitable” by visitors with disabilities.

The text that follows provides background information about housing needs in the city, as well as specific strategies to preserve, promote, and create affordable housing in San Pablo using the Checklist as a guide.

7.25 RECENT EFFORTS AND NEEDS IDENTIFICATION

Primary Needs Identified in the Housing Element

The City of San Pablo submitted a Housing Element update for the period 2007-2014 to the Department of Housing and Community Development (HCD) in April 2010. The City received comments from HCD in June 2010, and resubmitted the document to HCD in November 2010. The Housing Element assesses the housing needs of the city's general population as well as special groups such as the elderly, homeless, and disabled; identifies sites for future housing to accommodate a jurisdiction's share of regional housing needs; and provides policies and programs that the City will undertake in order to promote affordable housing development and preservation.

While the Housing Element Update applies to the city as a whole, its findings and programs are applicable to the San Pablo Avenue Corridor and can be expected to help facilitate housing development in the Planning Area in the coming years. Key findings from the Housing Element needs assessment are presented here.

General Demographic and Housing Trends

Table 7-1 shows the current percent of city and county residents by income category. In 2007, within San Pablo, there were 2,511 extremely low-income households, 1,680 very low-income households, and 2,391 low-income households—these made up 27, 18, and 26 percent, respectively of the households in the city. Moderate-income households comprised 13 percent of the city's households and only 16 percent of households were above moderate-income. In comparison, the County had a lower proportion of extremely low- to low-income residents and a higher proportion of above moderate-income residents than the city.

Other notable demographic trends in the city include:

- The Latino population has become the most sizable community in San Pablo, representing more than half of the resident population.
- In 2007, the city had one of the lowest median household incomes (\$42,910) and one of the highest unemployment rates in Contra Costa County (9.9%).¹ According to the California Employment Development

¹ Table 2.2-1 in the Housing Element (2007 data)

TABLE 7-1 HOUSEHOLDS BY INCOME GROUP IN 2007 (EXISTING)

INCOME GROUP	INCOME CRITERIA ¹	SAN PABLO	CONTRA COSTA COUNTY
Extremely low	Less than \$22,931	2,511	47,463
		27%	13%
Very low	\$22,932 – \$38,218	1,680	40,681
		18%	11%
Low	\$38,219 – \$61,149	2,391	56,902
		26%	16%
Moderate	\$61,150 – \$91,723	1,161	68,847
		13%	19%
Above Moderate	Over \$91,724	1,479	152,536
		16%	42%
TOTAL	–	9,222	366,428
		100%	100%

1 The 2007 Contra Costa County Median Income is \$76,440

2 Income ranges from available data sources do not correspond exactly to the income categories. The numbers in the table were derived through interpolating the data.

Source: Census Bureau American Community Survey 2007, Claritas Inc. Site Reports 2007.

Department (EDD), in July 2010, the city still had one of the highest unemployment rates in the county, but the rate rose to 22.6 percent.²

- The average sale price for a single-family home in the city was \$228,324 in September 2008. The average sale price of a multifamily unit in September 2008 was \$204,057. The median price for a home (either single- or multifamily) in December 2008 was 160,500; this is down from \$491,300 in December 2006.³
- The median gross rent in San Pablo, at about \$1,250 per month, is comparable to that in the county as a whole. There are more renters than owners in San Pablo, and a larger percentage of them (45%) spend more than 30 percent of their income on housing.
- Land costs in San Pablo (surveyed in February 2009) varied widely from an average of \$21 per square foot for single-family zoned land to \$40 per square foot on average for multifamily zoned land.⁴ These costs compare to other jurisdictions in the county, with land in San Pablo being, on average, less expensive than many other county cities.

² <http://www.labormarketinfo.edd.ca.gov/?pageid=133>

³ National Association of Realtors, September 9, 2008; California Association of Realtors, 2009.

⁴ ZipRealty.com and Loop.Net. Both accessed on 24 February 2009.

Special Housing Needs

- In 2000, a total of 5,437 San Pablo residents (or almost 18% of the population) had some sort of disability, according to the Census.
- The number of female-headed households has increased, but the number living below the poverty line has decreased. Between 2000 and 2007 the number of female-headed households went up from 1,723 to 1,824, though the percentage in poverty decreased from 31 percent to 29 percent during that time.
- The number of large households (with five or more people) was 2,233 in 2000, or 25 percent of total households in the city. The incidence of overcrowding was 27 percent of all dwelling units in 2000 at 2,453 units.
- The number of seniors living in owner-occupied housing was 64 percent (967 households) in 2000.
- The 80-unit elderly and disabled affordable (deed restricted) El Portal Gardens development is located on San Pablo Avenue in the Planning Area. While this development is currently not at-risk of market rate conversion, analysis in the Housing Element shows that if these units were at-risk of conversion, it would save the City about \$77,000 per unit to acquire and rehabilitate the 80-unit development in lieu of replacing all 80 units given the high construction and financing costs.

Key Findings from the Market Study (Residential)

As part of the Specific Plan process, a market study was completed in May 2010⁵ that analyzed the real estate market potential for a variety of land uses planned for the San Pablo Avenue Corridor: residential, retail, office, and entertainment. The residential market analysis focused on calculating the demand for market-rate housing, but also includes an estimation of the demand for affordable housing in the Study Area. The conclusions pertaining to residential development from the market study are listed below.

- Prospective buyers and renters in the Study Area will include many first-time homebuyers; young and multigenerational families; students and others affiliated with Contra Costa College, the Doctors Medical Center, and the San Pablo Lytton Casino; and the elderly.
- In the short term (through 2015) there is demand in the Study Area for 390 units, or 65 units per year of market-rate housing from income-qualified households, which equates to absorption levels of three to four units per month across the entire Study Area. Approximately 60 percent of demand is for ownership housing; 40 percent is for rental housing.

⁵ City of San Pablo, 2010. *San Pablo Avenue Specific Plan: Market Study*.

- Based on current residential demand projections and the Association of Bay Area Governments' (ABAG) most recent population projections, the Study Area would see demand for between 900 and 1,300 total new market-rate residential units by 2030.
- Based upon San Pablo residents' income levels, there is notable market demand for affordable housing in addition to demand for market-rate housing in the Study Area. Some demand for affordable housing will be satisfied by turnover of existing subsidized units in the Study Area, of which there are currently approximately 430. But overall, demand for new affordable housing in the Study Area of all types (existing and new construction; rental and ownership) is likely to be around 18-25 units annually in the short term (through 2015). Strategies for providing affordable housing can help the Study Area serve the needs of as wide of an array of households as possible.
- Supportable product types include ownership townhomes, rental apartment units, and multifamily housing geared towards students.

Housing Sites in the San Pablo Avenue Planning Area

The Specific Plan assumes a buildout of 65.6 acres of residential land and 53.1 acres of land designated as mixed use. Most land use classifications permit residential uses, at varying densities. Of the land designated specifically for residential development, 58 percent of the acreage is High Density, 36 percent is Medium Density, and 6 percent is Low Density.

The Specific Plan provides for the following net housing buildout by area by 2030, as shown in Table 7-2.

	CIRCLE-S	MISSION PLAZA	SOUTH SAN PABLO AVENUE	TOWNE CENTER	WEST SAN PABLO AVENUE	OTHER AREAS	TOTAL PLANNING AREA
Low Density				-1	-19	-2	-22
Medium Density			-1	-10	-6	137	120
High Density					-15	83	68
MU Center North		94				35	129
MU Center South	129						129
Commerical MU			96	42		57	195
Residential MU					102	18	120
TOTAL DWELLING UNITS	129	94	95	31	62	328	739

The 739 housing units expected to buildout under the Specific Plan are broken down by income level as follows (Table 7-3).

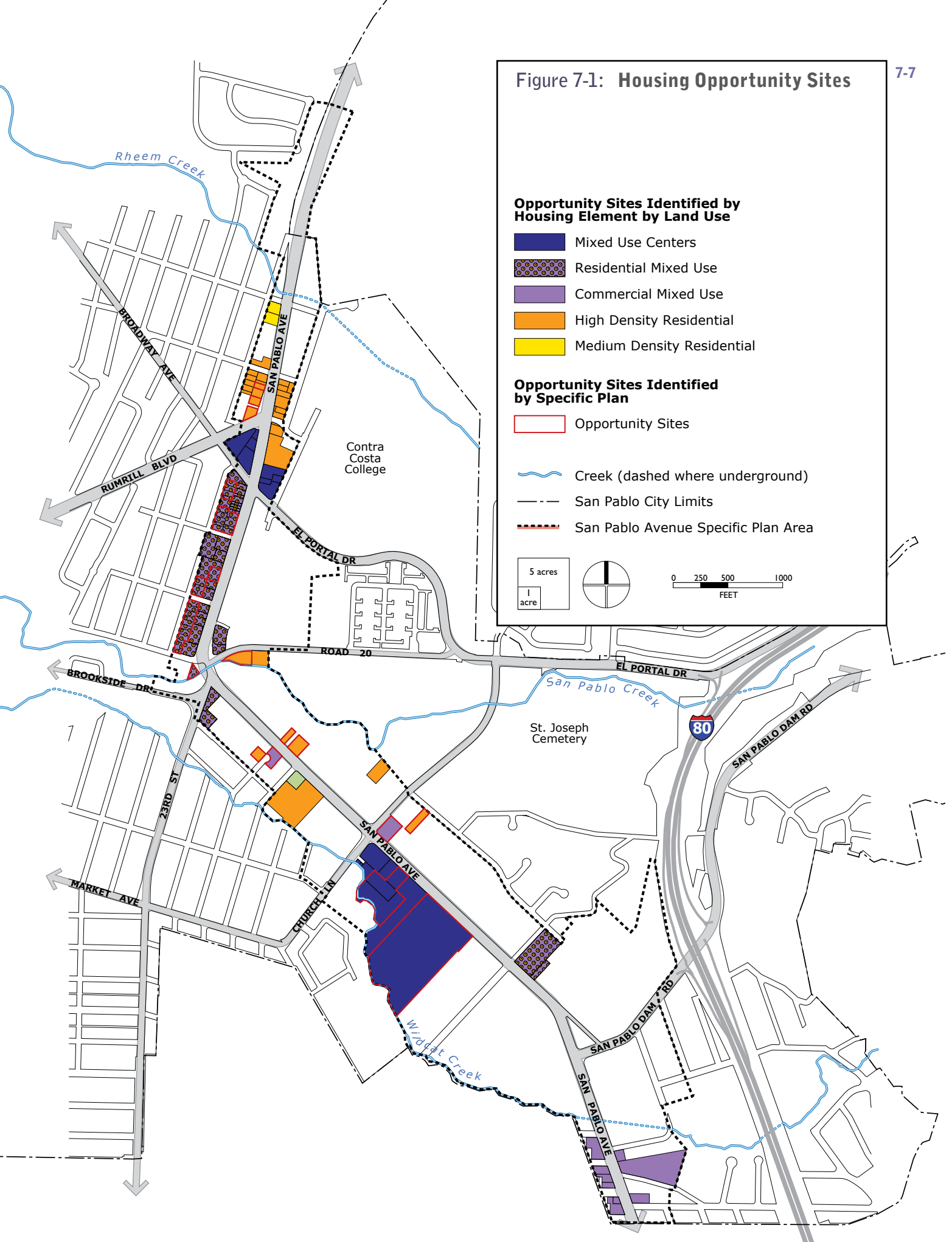
TABLE 7-3 SPECIFIC PLAN HOUSING POTENTIAL BY INCOME LEVEL								
GENERAL PLAN LAND USE	MUCN	MUCS	HDR	CMU	MDR	RMU	LDR	TOTAL
Average Density (du/acre)	60	32	30	20	18	14	8	–
Very Low-Income (30-50% AMI)	19	19	10	–	–	–	–	48
Low-Income (50-80% AMI)								
Moderate-Income (80-120% AMI)	110	110	58	195	120	120	-22	691
Above Moderate Income (Above 120% AMI)								
TOTAL	129	129	68	195	120	120	-22	739
Notes: MUCN - Mixed Used Center North, HDR - High Density Residential, CMU23 - Commercial Mixed Use 23rd Street, MUCS- Mixed Used Center South, LDR - Low Density Residential.								

According to State law, sites that allow at least 30 units per acre (San Pablo’s “default density”) can be reasonably expected to produce affordable units. Using this rationale, all units under Mixed Use Center North, Mixed Use Center South, and High Density Residential (a total of 326 units) could conceivably develop as affordable to very low- and low-income households according to the Specific Plan. However, the Housing Element conservatively contends that only 15 percent of the housing units on sites zoned at least 30 units per acre will yield affordable units; this methodology yields 48 affordable units (See Table 7-3).

In general, the sites identified for housing by the Specific Plan overlap with those identified in the Housing Element. However, the Housing Element identifies an additional 47 potential housing units within the Planning Area due to different parameters for identification of opportunity sites than those used by the Specific Plan. These parameters are defined in the Housing Element and include a range of factors including site size, location, current and adjacent site uses, and ownership. Opportunity sites for housing identified by the Specific Plan, as well as those identified by the Housing Element within the Planning Area, are shown in Figure 7-I.

Figure 7-1: Housing Opportunity Sites

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7.26 STRATEGIES FOR AFFORDABLE HOUSING PROVISION

Affordable Housing Goals

In addition to identifying the appropriate zoning of land to meet the City's affordable housing needs, the Housing Element also lays out a set of programmatic actions that the City will engage in to further spur and facilitate affordable housing development and other housing goals. Many of these goals are listed at the end of this chapter.

Type of Units Likely to Be Produced

While the Housing Element does not spell out numbers of different kinds of units that the city in general, or Planning Area in particular could accommodate, much of the housing potential in the city, especially in the Planning Area, is in mixed-use areas due to the new General Plan land use designations. Mixed-use development is likely to include affordable apartments and condominiums. Also, see "Providing a Range of Housing Options," on page 7-9.

At-risk Housing Units

There are no affordable units in the Planning Area "at-risk" of conversion to market rate during the next 10 years (a standard established by the Department of Housing and Community Development). The 80-unit El Portal Gardens, which houses disabled or elderly residents, just renewed its contract with HUD and there are no Redevelopment Agency units whose contracts are set to expire.

Funding Available to Preserve or Create New Affordable Housing

Table 7-4 shows the amount of funds that are available under each program which have not been legally obligated for other purposes and therefore could be used to preserve at-risk, assisted housing units or fund new affordable projects. Funds depicted are estimates based on the average funding received for projects in the City from 2004-2009; it is not certain exactly how much money will be available in the future.

TABLE 7-4 FINANCING RESOURCES EXPECTED (\$): JANUARY 1, 2007 TO JUNE 30, 2014

	2010	2011	2013	2014 ¹	TOTAL
HOME Funds ²	220,000	220,000	220,000	220,000	1,760,000
CDBG Funds ³	294,000	294,000	294,000	294,000	2,352,000
SHP Funds ⁴	262,000	262,000	262,000	262,000	2,096,000
20% Housing Set Aside Funds	128,739	13,540	321,693	154,6571	618,629

1 A projection for 2014 is not available at this time. Therefore, this number represents an average of the three previous years.

2 San Pablo is not eligible for State HOME funds. The federal HOME funds are administered through the Contra Costa Consortium and the funds are not annually allocated to the City. They are allocated to projects as they come forward. Therefore, while about \$220,000 was allocated to projects in San Pablo on an annual basis between 2004-09, it is not at all certain that this level of funding will continue, however it is used as the basis of projections in this table. The City could easily receive more or less HOME funds depending on if viable projects present themselves.

3 CDBG funds shown for housing-related activities only. Furthermore, like HOME funds, it is impossible to accurately project future CDBG funding. However, judging from CDBG funds that were allocated for projects in San Pablo in 2004-09, about \$294,000 may be allocated annually.

4 Like HOME and CDBG funds the \$262,000 annual allocation of SHP funds indicated in this table is only an estimation based on past funding from 2004-09. Future funding will likely vary.

Source: Contra Costa County, 2009 and City of San Pablo, 2009.

Inclusionary Housing Requirements

In some cases, housing around transit stations or along major transit corridors is capable of supporting higher inclusionary housing requirements than other areas of a city. Not only are transit areas appropriate locations for affordable housing, but inclusionary housing requirements also increase the total number of units in proximity to transit, boosting ridership.

San Pablo currently does not have an inclusionary housing ordinance. However, a new program in the most recent Housing Element will study the possibility in 2011:

Program H-2.1.6: Explore the feasibility of establishing an Inclusionary Housing Ordinance, consistent with recent case law, to require the development of units affordable to lower income households in all new housing developments, with the possible option of an in-lieu fee payment for developers that cannot provide units on-site.

At the time that the City studies the inclusionary housing ordinance possibility (within the next calendar year), it would be appropriate to consider a higher required level for the Planning Area. Given the *Palmer/Sixth Street Properties v. City of Los Angeles* (2009) decision, cities that currently have inclusionary housing ordinances or those, like San Pablo, that are considering developing them, must be mindful of the implications of the decision; namely, that inclusionary housing ordinances should generally not apply to rental housing and that clear linkages to a public purpose must be established.

Providing a Range of Housing Options

The San Pablo Avenue corridor, stretching approximately two miles through the city, changes character and land uses along its length. The southern portion hosts large community retailers and the Lytton Casino, a regional attraction; further north are City offices, high and medium density residential areas, and local businesses.

The Specific Plan preserves this diverse array of land uses and allows for more mixed-use development to take place on key opportunity sites. The nature of the land uses designated for the San Pablo Avenue corridor allow for a wide range of housing options, suitable to meet the needs of the City's diverse population. Table 7-5 shows the acreage of land uses that allow residential development in the Planning Area.

However, the City must go beyond merely designating land uses in order to ensure that housing—especially on opportunity sites—is actually constructed. The City of San Pablo has an advantage in this regard because it owns the Circle S site, which is a key catalyst property for the implementation of the plan. A primary strategy will be for the City to issue an RFQ for the Circle S site, specifying the type of housing and non-residential development that the City wishes to see on the property, and solicit proposals from developers that meet the City's criteria for the site's preferred development program.

TABLE 7-5 LAND USES PERMITTING RESIDENTIAL DEVELOPMENT BY ACRE

	PROPOSED LAND USE – OPPORTUNITY SITES	PROPOSED LAND USE – NON-OPPORTUNITY SITES	TOTAL AT PLAN BUILDOUT	PERCENT OF TOTAL RESIDENTIAL BUILDOUT
RESIDENTIAL				
Low Density Residential	–	4.2	4.2	3.6
Medium Density Residential	0.6	25.9	26.5	22.6
High Density Residential	5.7	31.4	37.0	31.5
MIXED USE				
Mixed Use Center North	2.7	–	2.7	2.3
Mixed Use Center South	16.1	–	16.1	13.7
Commercial Mixed Use	12.6	5.1	17.7	15.1
Residential Mixed Use	9.9	3.2	13.1	11.2
TOTAL	47.6	69.8	117.4	100

Source: Dyett & Bhatia, 2010

It is important that the Circle S site's development move forward after the Specific Plan's adoption so that it may act as a high-visibility catalyst project for the corridor. The City has not yet finalized a preferred development program, but anticipates that development will occur in two phases. Approximately 100 housing units would be developed in Phase 1, and the remainder (approximately 30) would be built subsequently. The development of 100 units in the early stages of plan implementation, on a site controlled by the City, represents an excellent opportunity to ensure that affordable housing will be provided along the corridor in the near term. Refer to Chapter 4: Urban Design and Building Development Standards for schematic site plans and phasing of the Circle S site.

On sites that are not owned by the City of San Pablo, the City can still take steps to promote residential development, particularly that which includes units affordable to all income levels. The Housing Element includes numerous policies and programs to that end, including:

Program H-1.1.1: Continue to provide low-interest loans to extremely low- to moderate-income owner-occupied and rental property owners to bring units up to current building code standards, modify buildings for improved mobility of disabled and elderly persons, demolish irreparable secondary buildings, expand units to alleviate overcrowding, identify and remove lead paint hazards, and allow for general property improvements.

In addition, inform residents about the availability of low-interest loans by distributing this information via the City newsletter to every household in San Pablo. All newsletters will be sent out in the major languages that are representative of the City's population.

Under this program, the City will provide low interest rehabilitation loans from such programs as CDBG, California Housing Rehabilitation Program, and through bank financing to assist San Pablo residents in rehabilitating their homes. City involvement could include:

- Review of pro forma analysis;
- Provision of available demographic or other background data necessary to complete applications;
- Review and comment upon draft application;
- Letters of support as appropriate;

- City Council actions in support of the application; and
- Willingness to monitor compliance with provisions of the loan within the limitation of existing work load.

Program H-1.1.2: Continue to provide low-interest deferred loans, payable upon sale or transfer of property, to extremely low- to moderate-income senior households. Provide low-interest deferred loans, payable in five years or sale/transfer of property (whichever comes first) to non-senior extremely low- and moderate-income households.

In addition, inform residents about the availability of deferred interest rehabilitation loans by distributing this information via the City newsletter to every household in San Pablo.

The purpose of these loans are to bring units up to current code standards, modify buildings for improved mobility of disabled and elderly persons, demolish irreparable secondary buildings, expand units to alleviate overcrowding, identify and remove lead paint hazards, and rehabilitate for general property improvements.

Under this program, the City will provide deferred rehabilitation loans from such programs as CDBG to assist San Pablo residents in rehabilitating their homes. City involvement could include:

- Review of pro forma analysis;
- Provision of available demographic or other background data necessary to complete applications;
- Review and comment upon draft application;
- Letters of support as appropriate;
- City Council actions in support of the application; and
- Willingness to monitor compliance with provisions of the loan within the limitation of existing work load.

Program H-1.1.3: Continue to provide free technical assistance and counseling to approved loan applicant homeowners interested in developing plans and specifications for rehabilitation. Assist in monitoring construction. Provide technical assistance to homeowners on the following issues:

- Interpreting code requirements;
- Architectural consultation regarding structural work essential to the conservation program;
- Instructions on how to solicit bids in order to get the best terms;
- Guidance in letting and enforcing contracts; and
- Referral to consumer protection services whenever appropriate.

Program H-1.6.1: Update the Zoning Ordinance to provide standards for the Mixed Use Center, Residential Mixed Use, and Commercial Mixed Use land use designations in the 2030 General Plan. In the interim, before the Zoning Ordinance is updated, the City will in practice enforce the new General Plan land uses and densities rather than the old zoning designations.

The 2030 General Plan has new land use designations to encourage higher density residential development in San Pablo, particularly along San Pablo Avenue and 23rd Street.

Program H-1.6.2: Update the Zoning Ordinance to reduce parking standards for the following housing types, where appropriate, to reflect actual need:

- Group Housing; and
- Multifamily housing along San Pablo Avenue.

San Pablo Avenue is well-served by transit, as such, flexibility in parking standards may be a development incentive to multifamily developments.

Program H-2.1.4: Promote mixed commercial/residential development in the City's Mixed Use Center, Commercial Mixed Use, and Residential Mixed Use General Plan land use areas through the following actions:

- Offer fast track permitting, waive applicable permit fees, and expedite design review and environmental review when possible;
- Provide incentives for mixed-use projects through the street and façade improvements program successfully used for the 23rd Street project; and
- Work on a Geographic Information System (GIS) database that will link to the City's website so that developers can view sites located in the mixed use areas, obtain information from the City on development potential, and contact the City with inquiries on specific sites.

Developers proposing mixed-use projects may be eligible for a variance for parking on a case-by-case basis. The Redevelopment Agency (RDA) actively seeks developers interested in constructing mixed-use projects.

Program H-2.1.8: Provide by right reductions from the standard parking requirements for new residential projects that are located on San Pablo Avenue and have frequent transit service.

Program H-2.4.1: Facilitate the development of student housing at the Mixed Use Center North site near Contra Costa College through density bonuses and priority permit processing.

While these Housing Element programs were developed for the city as a whole, in reality, they are mostly applicable to sites along the San Pablo Avenue corridor, as that is where most housing opportunity sites are located. Additionally, the City recognizes that promoting housing near transit helps provide needed accessibility and mobility options for current and future residents and benefits the transit agencies serving the area as well by increasing ridership. Programs such as H-1.6.2 and H-2.1.8 recognize this connection and aim to explicitly facilitate housing development in conjunction with transit service.

Accessibility and Visitability Policies

As populations in San Pablo and elsewhere age, accessibility and visitability will be increasingly important. The recent Housing Element Update contains Program H-3.1.1, which is continued from the previous Housing Element as well as three new programs: H-3.2.5, H-3.2.6, and H-3.2.5.

Program H-3.1.1: Continue to work with Housing Rights, Inc. (HRI) to minimize and resolve conflicts and disputes between landlords and tenants, and eliminate all forms of housing discrimination by disseminating tenant/landlord conflict resolution information in the annual mailing about residential programs, and documenting residents' concerns at City Hall before forwarding them to HRI. Additionally, implement a tracking system to record the number of referrals to HRI under this program each year.

Program H-3.2.5: Create and adopt a Reasonable Accommodations Ordinance to provide persons with disabilities reasonable accommodation to rules, procedures and standards to ensure equal access to housing opportunities.

This ordinance will establish a clear and streamlined procedure to request a reasonable accommodation. Additionally, it will establish the decision-making authority, standards for which modifications and exceptions may be considered, and conditions for approval.

Program H-3.2.6: Enforce State handicapped, accessibility, and adaptability standards and expand housing opportunities for persons with disabilities, through the following actions:

- Require all housing developments designated for seniors to be handicapped accessible.
- Require all first-floor units of multifamily developments to be handicapped accessible and be equipped with accessible parking spaces, sidewalks, entrances, and other items in accordance with ADA guidelines.
- Encourage qualified residents to apply for low-interest rehabilitation loans (Program H-1.1.1) or deferred loans (Program H-1.1.2) for purposes of improving accessibility.
- Provide information to the public to raise awareness on accessibility issues through the City newsletter and website.

Program H-3.2.7: Revise Residential Care Facility provisions by:

- Creating a definition for facilities with seven or more residents; and
- Developing standards that apply to all residential care facilities to eliminate the possibility that standards will be imposed on an ad-hoc basis.